



COMMONWEALTH OF VIRGINIA
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

Benefits Administrator Memo #06-03

To: Benefits Administrators
From: Mary P. Habel, Director
State and Local Health Benefits Programs
CC: All OHB
Date: March 31, 2006
Re: --Open Enrollment – Retiree Group and Extended Coverage Participants
--Retiree Program Information

Open Enrollment

Open Enrollment Materials: Following is a list of Open Enrollment materials that will be mailed on March 31 and April 3 to non-Medicare-eligible retirees, survivors and LTD participants in the State Retiree Health Benefits Program. Extended Coverage Open Enrollment notifications and letters to waived VSDP Long-Term Disability participants will be mailed on April 7. Materials include:

- Retiree Premium Rate Notification Letter/Program Updates (attached)
- Open Forum Newsletter for Retiree Group Participants (attached)
- Extended Coverage Rate Notification Letter/Program Updates (on the Web soon)
- Letter to LTD Participants in Waive Status—Notification of Open Enrollment (attached)
- Updated Retiree Enrollment Form (on the Web soon)
- Updated Extended Coverage Enrollment Form (on the Web soon)

Retiree group participants in Medicare-coordinating plans do not have an annual Open Enrollment, and they will not receive any program information at this time. Their annual premium rate materials and program updates will be mailed in the fall for January 1, 2007, renewal.

Moves to the Retiree Group Prior to July 1: Please keep in mind that, since the mailing list for non-Medicare retiree group members was generated on March 23, employees who retire or start LTD on April 1 or later (or who are keyed with a retroactive effective date), but prior to July 1, may make an Open Enrollment election but will not be mailed the attached materials. It is the responsibility of the agency Benefits Administrators to provide retiree-specific Open Enrollment materials to those individuals who enroll in the retiree group during the Open Enrollment period. With the exception of those who will be required to select a Medicare-coordinating plan, plan elections made during Open Enrollment will carry forward to retirement (effective July 1) as long as enrollment in the retiree group is completed within the required enrollment time frame. If an Open Enrollment election is made prior to the keying of the retirement, LTD or survivor transaction, contact DHRM for assistance in canceling the suspense record.

Other Retiree Group Information

Retirement Keying: Starting January 1, 2006, new Medicare-eligible retiree group participants who elect the Advantage 65 Plan (or Advantage 65 with Dental/Vision), have been automatically enrolled in the Medicare Part D plan that provides the prescription drug benefit under Advantage 65. This has increased the processing time for coverage substantially since Medicare now has to approve the Part D enrollment before prescription drug benefits are available. As you work with Medicare-eligible employees who will move to the retiree group (or non-Medicare retirees who become eligible for Medicare), please encourage them to make their plan election as early as possible so that it can be keyed in BES. While DHRM policy allows for enrollment in the retiree group within 31 days of the retirement date, late enrollment in the Advantage 65 Plan will result in a delay in access to prescription drug coverage. Please make every effort to key moves to Advantage 65 as early as possible in the month prior to the effective date (preferably within the first week).

Waiving Retiree Coverage: Retirees and LTD participants can waive their own eligibility to be covered as a dependent of another state employee or retiree who has state plan coverage. This is to the advantage of non-Medicare-eligible retiree group participants since being covered under an active spouse allows for continuation of the agency contribution toward the cost of the active dual coverage. Also, if there are two or more retiree group participants who are not eligible for Medicare (for example, a retiree and an LTD participant who are married), dual coverage is less expensive than two single coverage contracts.

However, in the case of the two retiree group participants in dual coverage, when at least one of them becomes eligible for Medicare and has to elect a Medicare-coordinating plan, the benefit of the dual contract no longer applies since all Medicare plan participants have single contracts. BES can accommodate one participant record. When one retiree group spouse moves to a Medicare plan, the enrollee with the waived retiree election will be changed to a retiree group participant with single membership. This ensures a continuous record of individual eligibility for both enrollees. This also means that each of the enrollees will have their premium deducted or billed based on his or her own record.